

Briefing document UCP research report “Dutch economic links in support of the Israeli occupation of Palestinian and/or Syrian territories”

November 2006

In 2005 and 2006, United Civilians for Peace (UCP) contracted research bureau Profundo to investigate Dutch economic links with the Israeli occupation of Palestinian and Syrian territories. UCP is a Dutch NGO platform dedicated to promoting justice and peace in the occupied Palestinian territories and Israel.¹

The investigation shows that there are many companies in the Netherlands with activities that support or facilitate the occupation directly or indirectly. These activities runs counter to the answers that Minister of Foreign Affairs Ben Bot gave to the Dutch Parliament at the end of 2005. At that time, the Minister stated that he was unaware of any Dutch companies that invest in the occupied Palestinian territories or that have trade relations with companies located in Israeli settlements in these territories (see annex 1, p. 4).

The investigation, which is presumably not exhaustive, identifies 35 Dutch companies that maintain direct or indirect relations with the occupation of Palestinian and/or Syrian territories: 21 companies with headquarters in the Netherlands and 14 Dutch subsidiaries of Israeli companies. With regard to their relations with the occupation, these companies can be categorized as follows:

- 25 Dutch trading partners of 23 companies, which are located in settlements in the occupied Palestinian and/or Syrian territories and which export to the Netherlands, have been found. This includes 8 Dutch marketing subsidiaries of the companies concerned and 17 Dutch sales and import companies;
- 2 Dutch companies with investments in settlements in the occupied West Bank have been found;
- 2 Dutch companies that provide services in support of the occupation of the Palestinian territories have been found;
- 14 Dutch subsidiaries of six companies (including the fore mentioned 8 subsidiaries) with activities in settlements in the occupied Palestinian and/or Syrian territories have been found.

In addition, the Dutch economic relations with subsidiaries of three foreign companies were investigated, as these three companies are being criticized strongly for their contribution to the Israeli occupation of the Palestinian territories. These three foreign companies have various subsidiaries in the Netherlands, such as store chains and bus companies. A Dutch bank provides financial services to one of these three foreign companies.

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Why was the investigation carried out?

The Israeli occupation of the West Bank (including East Jerusalem), the Gaza Strip and the Golan Heights has lasted for almost 40 years. These territories are located beyond the Green Line, the internationally recognized border of the State of Israel.

After 1967, Israel built settlements in these territories. According to international law, these settlements are illegal. Article 49 of the Fourth Geneva Convention (part 1) states: “The occupying power shall not deport or transfer parts of its own civilian population into the territory it occupies”.

Israel’s settlements in the Gaza Strip were dismantled in August 2005, but in the West Bank and on the Golan Heights settlements are constantly being expanded and new ones are being built. Human rights organizations have regularly criticized Israel’s settlement policy and reported that the settlements are a source of serious and systematic human rights violations that impact on every aspect of the daily lives of millions of Palestinians and a few thousand Syrians living under occupation. In addition, these settlements constitute a serious obstacle to peace between Israelis and Palestinians: they fragment the Palestinian territories and make claim to fertile ground and water sources, thereby preventing a viable Palestinian state from being established.

International trade relations contribute to the economic viability of the settlements. As a result, foreign companies, directly or indirectly, contribute to human rights violations that follow from the presence of the settlements and the regime associated with them.

Sustaining such relations is at odds with fundamental principles of corporate social responsibility and standards that the United Nations has established, among others: “Companies should support and respect the protection of internationally proclaimed human rights within their sphere of influence; they should avoid being an accomplice to human rights violations.”

Despite the severe humanitarian and political consequences of the Israeli occupation of the Palestinian and Syrian territories, many international companies are involved in activities that support or facilitate the occupation. UCP initiated this research to investigate whether and to what extent Dutch companies are involved in such activities.

Parliamentary questions

On 7 October 2006, UCP’s research report “Dutch economic links in support of the Israeli occupation of Palestinian and/or Syrian territories” was published. The main findings of the report summarized above, were presented in a series of articles in de Volkskrant, the Netherlands’ largest daily newspaper (see annex 2, p.6).

Before the publication of the report and in anticipation of the yearly parliamentary debate on the budget of the Dutch Ministry of Foreign Affairs, further parliamentary questions were submitted concerning Dutch economic links with the settlements. These questions also addressed Dutch foreign policy regarding economic links with the settlements (see annex 3, p.11).

The publication of UCP's report preceded the answers of the Dutch Foreign Minister Ben Bot to these questions. In his answers, Mr. Bot did not refer in any way to the findings in UCP's report. When asked whether "the government possesses any information that Dutch companies invest in settlements or have trade relations with them", the minister responded: "The government does not possess any of its own information that Dutch companies invest in settlements or have trade relations with them and does not keep a record of subsidiary companies in the Netherlands of companies located in settlements, if in fact there are any."

Furthermore, the minister stated: "Dutch companies are not prohibited from having trade relations with companies from Israeli settlements in the Palestinian territories. Therefore the government does not actively monitor such relations. The Dutch embassy in Tel Aviv or other institutions that fall under the responsibility of the Ministry do not actively offer services to companies that are located in Israeli settlements. If requested, such services will be refused. Generally speaking, the government discourages economic relations with companies in the occupied territories. Dutch companies that are involved will, where necessary, be addressed."

During the parliamentary debate on the budget of the Dutch Ministry of Foreign Affairs, a motion was submitted, requesting the government to produce "a current, comprehensive list of all Dutch companies with investments in settlements or economic relations with companies located in settlements" and to engage "in a dialogue with Dutch companies that have invested in settlements, in order to persuade these companies to cease these investments" (see annex 4, p.13).

The Dutch Labour Party (PvdA), together with the Social-Liberal Party (D'66), the Socialist Party (SP) and the Green Left Party (GroenLinks), voted in favour of the motion. These parties hold 64 seats in parliament. The remaining parties, including the Christian Democrats (CDA) and the Liberal Party (VVD), which form the current government, voted against the motion. Together, these parties hold 86 seats in parliament. As a result, the motion did not pass the threshold of 76 votes and was thus rejected.

ANNEX 1

30300V, Replies to (extra) factual questions regarding budget Ministry of Foreign Affairs 2006 – questions and answers related to Dutch economic links with Israeli settlements:

Question 17

Which Dutch companies, and under which programme, invest in the occupied Palestinian territories? What kind of investments are there and how large are these investments? What policy strategy forms the basis for this?

Answer

I am not aware of any Dutch companies that are investing in the occupied Palestinian territories.

Question 22

Does the Dutch embassy in Tel Aviv offer services to companies located in settlements in occupied Palestinian or Syrian territory that are related to the “Israel Food Week” (Tel Aviv, 28-30 November 2005).

Answer

No.

Question 23

Does the embassy, especially its Economics and Trade department, or any other Dutch public institution, offer any kind of services to settlement companies at any other time or in any other way?

Answer

No, neither the Dutch embassy in Tel Aviv nor any other institution that falls under our responsibility offers services to companies that are located in Israeli settlements in the occupied Palestinian territories.

Question 24

Do the embassy and the representative office possess a complete and reliable list of companies that are located in settlements in occupied Palestinian or Syrian territory, including the industrial zones that belong to the settlements? If so, would you submit this list to Parliament? If not, are you prepared to draw up such a list and submit it to Parliament?

Answer

No, the Dutch embassy in Tel Aviv and the Dutch representative office to the Palestinian Authority do not possess such a list. I am not prepared to draw up such a list because, as far as I know, there are no Dutch companies located in these territories and furthermore the export of products from the settlements falls under the agreements that were made earlier this year between Israel and the European Union regarding the application of the rules of origin.

Question 25

Can you draw up a list of Dutch companies that at this moment have trade relations, possibly through subsidiary companies, with companies that are located in settlements? Can you indicate which activities are involved and the volume they have?

Answer

I am not aware of any Dutch companies that have trade relations with companies located in settlements in the occupied Palestinian territories.

Question 26

Does the Dutch embassy monitor trade relations of Dutch companies with companies located in settlements? If not, why not?

Answer

No, the Dutch embassy does not monitor any possible relations of individual Dutch companies with companies in settlements in the occupied Palestinian territories; having such relations, after all, is not prohibited. For the sake of completeness it must be said that, if a Dutch company were to request help from the embassy in doing business with a company in a settlement (or vice versa), the Dutch embassy would not render assistance.

Question 217

Does the Dutch government actively and systematically advise Dutch companies against doing business with settlement companies?

Answer

Dutch companies are not prohibited from doing business with companies in Israeli settlements in the Palestinian territories. The Netherlands have, in a European context, laboured for good and verifiable agreements that intend to exclude settlement products, when exported to the EU, from preferential conditions associated with the EU-Israel Association Agreement. Such agreements have been in effect since 1 February 2005.

ANNEX 2

Unilever conducts business with settlers

From our correspondents

JERUZALEM/AMSTERDAM

Dutch companies, among others Unilever and Soda-Club International, have invested in Jewish settlements in the occupied West Bank. A series of other Dutch companies imports products that originate from settlements and industrial zones in the Palestinian and Syrian territories occupied by Israel.

The companies are therefore involved in human rights violations, says United Civilians for Peace (UCP), a platform of six Dutch development organizations, in a report which was made available to de Volkskrant. The report is coming out today.

Minister Bot of Foreign Affairs told the Parliament in 2005 that he “is not aware of any Dutch companies” that invest in the Palestinian territories. But the UCP-report shows that Beigel & Beigel, a subsidiary company of the Dutch-British concern Unilever, produces crackers and pretzels in the Barkan industrial zone in the West Bank.

The company Soda-Club International, which is located in Breda, produces machines to make soft drinks at home. The machines can, among others, be bought at Mitra, Blokker and Gall & Gall.

‘The settlement companies make their products on land stolen from the Palestinians’, says Charles Shamas, a Ramallah-based Palestinian specialist in economic human rights. ‘Furthermore, they use stolen water.’ The International Court of Justice in The Hague declared the settlements illegal in 2004.

In answer to parliamentary questions regarding the use of cranes by the Dutch company Riwal for the construction of the wall around the West Bank, Minister Bot called it ‘undesirable’ that Dutch companies contribute to the construction, because the wall ‘violates international law’. But according to a spokesperson of the Ministry, companies cannot be prohibited from doing business with the settlements.

UCP-chairman René Grotenhuis feels that companies should be addressed concerning their responsibility. ‘The Israeli-Palestinian question cannot be left to politicians only.’

Unilever announced that its subsidiary company is in compliance with its own code of conduct. Soda-Club ‘does not comment on political affairs’.

‘Undesirable, but it can’t be helped’

From our correspondent Olav Velthuis

AMSTERDAM

‘I am not aware of any Dutch companies which have trade relations at this moment with companies in the settlements in the occupied Palestinian territories.’, Minister Bot of Foreign Affairs said last year in Parliament.

However, the research report of United Civilians for Peace proves that those companies are definitely there. ‘If you wanted to monitor everything that Dutch companies do in conflict zones, you would have to set up a new Ministry’, a spokesperson of the Minister replied. ‘Furthermore: we can argue that Dutch companies are not allowed to invest in occupied territory, or aren’t allowed to contribute to the construction of the wall, but the ruling of the International Court of Justice that the wall is illegal is not binding. We therefore cannot force companies to comply with it.’

According to the spokesperson, the Minister intends to write a letter about the matter to Riwal, a Dutch crane company that is involved in the construction of the wall.

In addition, the Ministry removes from its website companies that conduct business in occupied territories. The website is supposed to simplify establishing business contacts between the Netherlands and Israel. ‘Removing companies from the website has already occurred in two cases’.

In addition, a spokesperson of the Ministry of Economic Affairs says that they do not actively want to support Dutch companies that seek to invest in the Jewish settlements in occupied territory. ‘But we cannot prevent companies coming to us for information on conducting business in Israel from finally investing in occupied territory anyway.’

Just like other EU countries, the Netherlands does discourage the import of products from the territories occupied by Israel by imposing higher import tariffs. Other products from Israel can be imported under favourable conditions. Since the beginning of last year, those same favourable conditions have no longer applied to products that have been produced in the occupied territories.

In order to identify these products, the European customs use a long list of zip codes.

Egbert Wesselink of Pax Christi, however, doesn’t at all believe that Europe properly checks what does or does not come from the occupied territories. ‘I think we are being misled’. But Wesselink does realize that legally it is difficult to stop these products at the border. ‘The trade law of the World Trade Organization WTO is completely depoliticized. The WTO forbids stopping products at the border on the basis of human rights.’

Despite this, Charles Shamas, a Palestinian economic human rights specialist, hopes that the question will be dealt with in a Dutch court.

In occupied territory wages and rent are low

Report From our correspondent Alex Burghoorn

MA'ALE ADUMIM – Dutch companies invest in Jewish settlements and do business with them, a United Civilians for Peace report shows. Is that really socially responsible?

Hundreds of apartment blocks are shining cream coloured in the sun on a ridge in the desert. The Jewish settlement Ma'ale Adumim looks like a mirage in the West Bank.

It is a dormitory town of Jerusalem with over thirty thousand settlers. Palm trees line the streets, flower beds are well kept. Ancient olive trees decorate the roundabouts – elsewhere in Palestinian territory they have been dug out root and all by the Israeli army.

Those who choose their apartment well have a view on Jerusalem at the front and at the back, down below, a view over the Jordan Valley. The houses are big, the prices low. A shopping mall and a swimming pool are provided for.

The ideal place for young Israeli families. Except Ma'ale Adumim and the 120 other West Bank settlements are illegal according to international humanitarian law: 'the occupying power shall not deport or transfer parts of its own population to the areas that it occupies', says article 49 of the Fourth Geneva Convention.

At the eastern end of the town, a four way highway winds into the desert. A weather-beaten tank on the shoulder of the road is a reminder of the war of 1967, when Israel took the West Bank from Jordan. Behind a yellow gate lies Mishor Adumim, an 'industrial zone' with the typical 'box architecture' of an average business park. A breaker's yard, a garden centre, an aluminium factory, a stone factory. Similarly, dozens of companies are located there, including the Dutch soft drink enterprise Soda-Club International.

In the factories only a few settlers are working and many more Palestinians. The wages are low, because Israel retained the Jordanian Labour Law in the West Bank. The tax authorities treat companies here in a friendly way. The rent is also low – Soda-Club signed a contract in 1996 for 13 thousand square meters of working area at 3,25 dollars per square meter.

The question is: can this be called 'corporate social responsibility? Or can conducting business with the Israeli settlements in occupied Palestinian territories be compared to environmental pollution in Nigeria by drilling for oil or hiring children as workers in India?

CSR Netherlands, the Dutch company organization for corporate social responsibility, has no clear cut answer. 'We feel', a spokeswoman says, 'that Dutch companies should comply with the OESO-guidelines for multinationals. But they don't say: this is good and that is wrong. They do say that companies should refrain from inappropriate interference in domestic affairs.'

Egbert Wesselink, a specialist in corporate social responsibility for development organization Pax Christi, has no clear cut answer either. 'It must not be that companies are located in areas that were acquired illegally.' But, he emphasizes: 'What the Palestinians themselves think of this is also important.' If the Palestinians see no harm in this, for example because they are working for these companies, a dilemma arises.

The headquarters of Soda-Club International in Breda do not wish to reply in any way regarding the operational management in Mishor Adumim. ‘We do not comment on political affairs’, a spokesman says. The chairman of the board of directors of Unilever Netherlands, Kees van der Waaij, is more candid. In a written reaction to the researchers United Civilians for Peace (UCP), he stated that at the Beigel & Beigel factory in the Barkan industrial zone ‘approximately 120 workers are employed (45 percent of them are Palestinians who could not find work in the mandate area of the Palestinian Authority because unemployment there is extremely high).’

The employment that the settlement industry offers Palestinians – as factory worker, date harvester or construction worker – is an improper argument, says Charles Shamas, a Ramallah-based Palestinian specialist in the area of economic human rights.

‘This is the context. First, Israel prohibited tens of thousands of Palestinians to work in Israel any longer. Then, Israel closed the borders of the Gaza Strip so that export fizzled out. Subsequently, trade within the West Bank was made impossible by hundreds of checkpoints. Finally, Israel and the West boycotted the Palestinian government, so that salaries haven’t been paid in eight months.’

‘If you then say: “But Palestinians are allowed to work for Israeli or foreign companies,” that shows a perverse logic.’

Unilever has for a number of years been studying the possibility of moving the Beigel & Beigel factory to Arad, a city in Israel. ‘Whether the company will be moved in the future depends on economic benefits (part of optimizing our chain of supply) and the approval of our partners,’ says chairman of the board Van der Waaij.

The Israël Producten Centrum, a Christian company from Nijkerk, imports all kinds of goods from Israel because of conviction. Including from ‘the villages’ in the biblical Judea and Samaria – settlements in the West Bank ‘sounds so negative’. For example, herbal tea comes from the West Bank and wine from the occupied Syrian Golan Heights. The companies are primarily peace initiatives, says the son of founder Karel van Oordt. ‘If there is a Jewish entrepreneur that employs Palestinian workers, that stimulates friendly relations. Because you won’t hate the man that gives you your money.’

‘It is purely a quest for survival that makes Palestinians decide to work in the settlements – as construction workers they even build houses for settlers and the wall’, Gregory Khalil responds, legal advisor for the Negotiation Affairs Department of the PLO in Ramallah. ‘If there are no other jobs, people leave their principles for what they are. The family must eat. That goes before everything else.’

Near the waste dumps of the companies in Mishor Edumim, Bedouin women are rummaging around. After the founding of the State of Israel in 1948, thousands of Bedouins from the Negev desert were transported by the Israelis over the border to the West Bank, which was then in Jordanian hands. They now live there in villages that Israel does not recognize, where there is no water or electricity. The men work here in the factory.

The women collect cardboard to strengthen their tents with. The backs of mules are loaded. Then they trudge into the desert.

Dutch business relations with occupied territories

UCP had research bureau Profundo investigate which business relations the Netherlands has with Palestinian and Syrian territories occupied by Israel. The volume of these relations turns out to be relatively limited; Israel itself estimates the EU import from the occupied territories at 200 million dollars. The most important findings (the report is from today available at www.unitedcivilians.nl):

Unilever has a majority interest in Beigel & Beigel that produces pretzels in the Barkan industrial zone in the occupied West Bank. Approximately 120 people work at Beigel & Beigel, among them 45 percent Palestinians. Unilever is investigating as to whether it is profitable to move the factory out of occupied territory.

The Israël Producten Centrum (IPC) imports, among others, herbs, wine, cosmetics and tea which are produced in occupied territory. According to the website of the company, the products are sold in the Netherlands by more than two hundred voluntary consultants during Israel-meetings at people's homes. According to the last annual report, IPC employs sixteen people.

Soda-Club sells syrup for soft drinks and machines that add water and carbon dioxide to the syrup in the Netherlands. The headquarters of the company is located in the Dutch Antilles. The company has moved the production of syrup out of the West Bank, but still has its devices made there. These are sold, among others, at Blokker and Gall & Gall.

Under the brand names such as Jaffa and Carmel, vegetables and fruit are imported by Dutch importers or by Israeli subsidiary companies to the Netherlands. According to UCP, you often cannot trace whether the fruit has been grown in occupied territory.

Hema sells white wine of the brand Barkan. Barkan has a production installation in the industrial zone in the occupied West Bank. But according to Hema, its wine comes from the kibbutz Holda, which is not located in occupied territory.

All four articles were published in de Volkskrant on October 7, 2006. © de Volkskrant (2006)

ANNEX 3

30800V, Replies to factual questions regarding budget Ministry of Foreign Affairs 2007 – questions and answers related to Dutch economic links with Israeli settlements:

Question 127

In what way does the government guarantee that promoting economic interests of the Netherlands in Israel does not contribute to the reinforcement of the economic viability of the settlements that Israel, contrary to international law, has established in occupied Palestinian and Syrian territory?

Question 128

Are the Israeli settlements in occupied Palestinian and Syrian territory categorically excluded from services that the Dutch embassy in Tel Aviv or other Dutch public institutions offer to the local and Dutch business community? Are settlement companies able to register in the internet database of the Holland Israel Trade Portal, of which the aim is to increase the visibility of companies and to contribute to expansion of commercial relations between Dutch and Israeli companies?

Answer

Dutch companies are not prohibited from having trade relations with companies from Israeli settlements in the Palestinian territories. Therefore the government does not actively monitor such relations. The Dutch embassy in Tel Aviv or other institutions that fall under the responsibility of the Ministry do not actively offer services to companies that are located in Israeli settlements. If requested, such services will be refused. Generally speaking, the government discourages economic relations with companies in the occupied territories. Dutch companies that are involved will, where necessary, be addressed.

All companies located in Israel and in Israeli settlements can register in the internet database of the Holland Israel Trade Portal. This concerns a passive service of the embassy: registration is done by the companies themselves. The embassy only offers an electronic platform for this. If it is known that a registered company is located in a settlement, it will be removed. To date, two companies have been removed from the database for that reason.

Question 129

Does the government possess any information that Dutch companies invest in settlements or have trade relations with them? Are there settlement companies with subsidiary companies in the Netherlands?

Answer

The government does not possess any of its own information that Dutch companies invest in settlements or have trade relations with them and does not keep a record of subsidiary companies in the Netherlands of companies located in settlements, if in fact there are any.

Question 130

Do the Ministry of Foreign Affairs and the embassy in Tel Aviv possess a current, comprehensive list of companies that are located in settlements, including the industrial zones that belong to the settlements? Is this list accessible for the Dutch business community through the relevant channels, such as the websites of the Dutch embassy in Tel Aviv, the Holland Israel Trade Portal, Foreign Affairs, Economic Affairs and the Agency for International Business and Cooperation (EVD)?

Answer

The Ministry of Foreign Affairs and the embassy in Tel Aviv do not possess such a list.

ANNEX 4

House of Representatives

Assembly year 2006-2007

30 800 V

Establishment of the budget of the Ministry of Foreign Affairs (V) for the year 2007

Nr. 28

Motion of MP Karimi *cum suis*
Proposed on 19 October 2006

The House,

having heard the deliberations,

having ascertained that the Israeli settlement policy is in violation of international law and an obstacle to peace;

being of the opinion that trade with and investments in settlements run counter to the rules and principles of corporate social responsibility;

requests the government for a current, comprehensive list of all Dutch companies with investments in settlements or economic relations with companies located in settlements;

requests the government to engage in a dialogue with Dutch companies that have invested in settlements, in order to persuade these companies to cease these investments,

and passes to the order of the day.

Karimi
Koenders
Van Bommel